why in the question it has been mentioned that the NRIs are attracted. Now their investment is attractive. One technology is being replaced by another technology. The whole question is what shall be the selection of specialization. Otherwise, this formulation of technological development will be lost. So, may I draw the attention of the hon. Minister to this and know whether he will think particularly about the fields of specialisation and make efforts only in those fields or shall we take up overall development in every respect?

MR. CHAIRMAN: A very general question. Next Question.

Losses to Mazagon Dock Limited

*122. SHRI LAL K. ADVANI: Will the Minister of DEFENCE be pleased to state:

(a) whether it is a fact that the number of ships repaired by Mazagon Dock Limited has come down from about 3,000 a couple of years ago to around 600 now;

(b) whether it is also a fact that instead of earning the projected profits of Rs. 14 crores, the company suffered a loss of about Rs. 13 crores in 1984-85 and of about Rs. 20 crores in 1985-86; and

(c) if so, upon whom the responsibility has been fixed?

THE MINISTER OF STATE IN THE DEPARTMENT OF DEFENCE PRODUCTION AND SUPPLIES IN THE MINISTRY OF DEFENCE (SHRI SHIVRAJ PATIL): (a) to (c) A Statement is placed on the Table of the House.

Statement

(a) Ship repair task undertaken by Mazagon Dock Ltd. has come down from maximum ever of 846 ships in 1975-76 to 55 ships in 1985-86.

(b) The Company suffered a net loss of Rs. 12.94 crores in 1984-85 as against the projected profits of Rs. 16.10 crores and a net loss of Rs. 38.97 crores in 1985-86 which includes Rs. 19.61 crores on account of previous years' adjustments.

(c) Unsatisfactory performance of the top management of the Company resulted in deterioration and consequently, as corrective action, Government resorted to immediate removal of the then Chairman-cum-Managing Director and Director (Finance). It was also decided to replace the then Director (Offshore) as well as Director (Shipbuilding).

SHRI LAL K. ADVANI: Mr. Chairman, Sir, this statement itself adds up to a very candid confession that this State-owned ship-building and repairing company is in a very bad state of affairs. In part (c) of the answer, the Minister has told us that there has been unsatisfactory performance of the top management of the company which has resulted in deterioration and consequently, as corrective action, Government has resorted the immediate removal of the then Chairman-cum-Managing Director and Director (Finance). It was also decided to replace the then Director (Offshore) as well as Director (Shipbuilding). This seems to suggest that it is only the drawbacks, management by the personnel that was responsible. I would like to know whether the Government has analysed wrong policy decisions made during that period which have contributed to this. And has it reviewed what changes need to be made in so far as policy is concerned particularly the ambitious venture into supply of offshore equipment instead of relying principally, as we did in the past, on repair work?

SHRI SHIVRAJ PATIL: Sir, Mazagon dock is building ships as well as supplying equipment needed by ONGC for offshore activities. In the area of ship building Mazagon Dock has earned profits. But in the area of offshore activities it has incurred losses. And the losses were incurred because of many reasons. One of the most important reasons is the recession in the

oil sector itself. When the activity was started initially Mazagon Dock supplied equipments to ONGC and earned profit and saved foreign exchange to the tune of Rs. 150 crores. But later on the situation changed and later on MDL had to compete with multinational corporations from abroad and MDL could not compete with them because of the recession and this situation has arisen. There are many other reasons also. The strike had taken place in Nhava yard where the rigs had to be manufactured and activities had to be transferred from Nhava to Mangalore Dockyard and because of this also seven months were lost and the officers also worked on the principle of work-to-rule and things like that. And then there were not enough orders also by ONGC. Because of these reasons and because of some inefficiency of the officers in the shipyard also the company had to incur losses. We have examined all these aspects and we have appointed a task force to look into reasons which were responsible for these losses and some reports have also been given. As far as the policy decisions were concerned, I think the policy decision to go into off shore activity at the initial stage when there were difficulties in the oil sector was correct. But because of the international market situation later on a different situation has arisen and now the question has to be decided whether the Mazagon Dock which is responsible for building warships and ships should continue in this area or what to do with the capacity which we have developed in this area. There a decision has to be taken and we are carefully looking into that.

SHRI LAL K. ADVANI: Mr Chairman, Sir, because of the situation in Mazagon docks we are behind time in very many projects. For example, in respect of the two German design submarines which are being built there, I have seen statements made by the Chairman and Managing Director, Vice-Admiral Mehta, and I would like to draw the attention of the Minister to these statements and seek his response to what has been stated by Mr. Mehta, namely, (1) delays have been caused by the poor quality of equipment supplied by manufacturers. I am not referring specifically to the submarine case but in general. The delays have been caused by the poor quality of equipment supplied by manufacturers and by frequent theft or damage to imported equipment at Bombay port. This is one statement about which I would like to know from the Government what corrective action has been taken. Then I come to No. (2) which is more important and which relates to the policy of South Korea and Singapore who have put us up against the wall. The Government will have to take a policy decision on whether the ONGC should continue to shop internationally for competitive prices. I would like to know the Government's response to these statements made by the Chairman himself.

SHRI SHIVRAJ PATIL: Sir, how much reliance can be placed on a statement which has occurred in a magazine is a question to be decided.

MR. CHAIRMAN: You say whether it is right or wrong.

SHRI SHIVRAJ PATIL: As far as the policy of the Government is concerned, I can speak about that. And after consulting the chairman whether he had made a statement of that nature, I can reply to the question. As far as the delays in submarine building is concerned, it has to be realised by us that it is a very very sophisticated thing to do. And we are doing it on the basis of the technology which we have received. There is no infrastructure available. We have to establish the infrastructure also. And some of the components also have to come from outside. But our efforts will be to see that this project is completed on time or this project is not delayed too much. As far as the second question is concerned. competition with the Korean firm is there. Still, the fact

remains that there is a recession in the international market and there are many things available, the platforms and the rigs are available and their rates are kept low. Here, we have the capacity developed and if the situation changes tomorrow and if the situation does not continue as it is today, what is to be done, that is the question to be answered by us. So, taking all these factors into consideration, we have to take a decision.

SHRI JAGESH DESAI: Before asking supplementary, I would like to make some observation.

MR. CHAIRMAN: No, you are not allowed to make observations.

SHRI JAGESH DESAI: It is on the answer given to part (b) of the question. It has been said that Rs. 19.61 crores has been debited in the year 1985-86 on account of previous year's adjustment. Sir, the expenses should be debited in the year in which it is incurred so that we can get a correct picture of the profit and loss account of that particular year. I feel the present Defence Minister and ex. Finance Minister could realise that these expenses which have been debited this year, will not be allowed for the purposes of income-tax, and that is why the company will lose about Rs. 10 crores if it is not done in the same year. I would request the Government that this angle should be looked into and such adjustments should be done in the year to which they relate, because this is a huge amount. Adjustment has to be in that particular year and not in any other year. Income-Tax Department will disallow it.

Secondly, is it a fact that the ship-building industry in India — Mazagon Docks, or the Cochin Shipyard, or the Vizag Shipyard — are incurring losses because of recession and even the public undertakings like the ONGC are placing orders out of India? These items could have been manufactured in these shipyards and as such the Government should take action to see that these orders are given to our national ship-building industry; otherwise, I fear within 2-3 years, because there are no orders, we may have to close down and I want to know whether the Government is looking into this aspect.

SHRI SHIVRAJ PATIL: The first question that the hon. Member asked is whether the industry would be required to pay income-tax. If there are losses no income-tax is paid.

SHRI JAGESH DESAI: But this is carried forward.

SHRI SHIVRAJ PATIL: In the ship building, Mazagon Dockyard has done extremely well. Warships built by Mazagon Docks are so cost-effective that if we have to get the ships of the same kind from outside, we would be required to pay much more. As far as ordinary ships are concerned, well, there is a competition going on and it is necessary to give orders to the ships building industry also. Now, in the oil sector also, there is competition and the MDL would be happy to receive orders from other organisations in the area of ship building as well as from the ONGC; but the fact remains that in the ordinary ship building and oil sector, there is a recession.

MR. CHAIRMAN: The question is whether you should not give preference to public sector instead of foreign companies.

SHRI SHIVRAJ PATIL: Price preference is given. But as I have said, because of the international

market situation where market forces are working. the MDL is expected to compete with multinational corporations outside who have the capacity and where superior technology and inputs are also available at low price. I do not mean to say that there is no scope for improvement in the management and other things; there is scope for improvement and that is why we have taken action and that is why we are trying to improve the activities here but these factors also cannot be ignored.

SHRI KAPIL VERMA: Sir, the year 1986-87 will be closing this month in another 25 days and the Minister mut have got some idea about the performance in this year, 1986-87. What is the likely performance in terms of the number of ships repaired. Profit and loss etc., whether there has been any improvement?

SHRI SHIVRAJ PATIL: I have already said that if we sell the warships built, at the international prices, Mazagon Docks will be making a lot of profits. But that is not the attitude Mazagon Docks is adopting. It has to provide facilities also to the Navy. In offshore area activities. there is competition and because of this competition we have sustained loss. Because of this competition, because of these activities in the last two years, the position is not very happy in this year also.

MR. CHAIRMAN: What is the financial position in the year 1986-87? That is the question.

SHRI SHIVRAJ PATIL: 1986-87; we will be giving the report.

MR. CHAIRMAN: He said that you must be having the figures.

SHRI SHIVRAJ PATIL: I do have the figures. But without having the auditors' report and other things. I think, it will not be proper if I disclose them.

SHRI SURESH KALMADI: Sir, the Public Undertakings Committee had gone into the working of the Mazagon Docks and Government must be having a full report on that. All the inadequacies, whether in regard to planning or production or designs. have been pointed out in this report. As the hon. Minister rightly said, the main reason for losses has been the decision to diversify into offshore platforms and the general world market as such today. Another reason for the losses of the Mazagon Docks is the low profits which are charged to the Indian Navy. I think, the Mazagon Docks are charging them 5 per cent profits on the estimates which they get. If the estimates go up, it cuts into the profits. I believe, the Mazagon Docks have represented to the Government to allow them to increase their profits to the Indian Navy, on orders placed by the Indian Navy. I would like to know whether Government will agree to that. I would also like to know the position about the second cadet training ship which was ordered by the Navy a couple of years ago. I would like to know whether it is on schedule. The estimated cost is Rs. 30 crores. I would like to know whether we will stick to it.

SHRI SHIVRAJ PATIL: Mazagon Docks is expected to help our Navy also. We will try to develop an understanding between the Navy as well as the Mazagon Docks. It is not a question of earning profits. It is a question of providing the facilities to the Navy also. This would be our attitude.

As far as the training ship is concerned, I think, it is delayed a little and there are some cost overruns also.

MR. CHAIRMAN: You have got some chit. Please look into it and answer.

SHRI SHIVRAJ PATIL: That is different.

श्री चतुरानन मिश्र : सभापति महोदय, 1986 और 1987 के प्राफिट एंण्ड लास के बारे में बिना आडिट किए हुए मंत्री नहीं कहेंगे यह ठीक बात है। लेकिन ट्रेंड तो कह हो सकते है कि पहले से हालत अच्छी हो रही है या बुरी हो रही है। इसमें तो आडिट की जरूरत नहीं है ताकि हम लोग जान सकें कि हम लोग अच्छी दिशा में जा रहे हैं या खराब दिशा में चल रहे हैं।

दूसरा सवाल यह है कि आर्डर की क्या पोजीशन है? पिछले तीन वर्षों में कितने आर्डर मिले और कितनों को ऐक्जीक्यूट किया गया? इनको ऐक्जीक्यूट करने में इस कंपनी का फैल्योर है या अन्य कारण है? इन बातों का आप कृपया स्पष्टीकरण कीजिए।

श्री शिवराज पाटिल: श्रीमन्, मैंने अभी बताया कि 1986-87 की पोजीशन पहले से कुछ अच्छी है, ऐसा कहने की पोजीशन में मैं नहीं हूं। उसका कारण भी मैंने पहले बताया दो रिग्ज हमने बनाने की कोशिश की जो जैकअपारिग्ज कहे जाते हैं, उनकी टैक्नालाजी बड़ी सोफिस्टिकेटेड है। इसके लिए हमने जापान के साथ कंपीट, किया और प्राइसेज बहुत लो कोट की उसके लिए फिक्स प्राइस कांट्रेक्ट है, उसमें लिक्विडेटिड डेमेजिज क्लाज भी हमने लगाई है डिले के लिए। इसलिए ओ०एन०जी०सी० कहना दुरूस्त है कि उससे हम प्राफिट कमाएं क्योंकि पब्लिक सैक्टर अंडरटेकिंग को हम प्रोफिट कमाने की दृष्टि से कहें तो ये उनका कहना ठीक है, लेकिन एम०डी० एल० का दूसरा दृष्टिकोण है। (व्यवधान) यह बात अगर आप समझें तो हम उसके अंदर लूजर नहीं हैं। हमें बाहर फारेन एक्सचेंज भी नहीं भेजना है, बाहर के लोगों को काम नहीं दे रहे हैं और टैक्नालाजी भी हमारी अपनी है।

तीसरी चीज यह हुई है कि यहां हम डेरिक बार्ज बनाने की कोशिश कर रहे हैं। इसमें कुछ डिफिकल्टी आ रही है और वह बनने के बाद हमारे लासेस के बढ़ने की उम्मीद है। वह बनाना चाहिए या नहीं बनाना चाहिए इसके ऊपर डिसीजन लेना जरूरी है। इन चीजों को देखने के बाद हम अच्छी तरह बता सकते हैं कि यह काम किस तरह से चालू रखना जरूरी है। जहां तक शिप्स की आर्डर पोजीशन का सवाल है नेवी की तरफ से हमको आर्डर्स मिले हैं और पेट्रोलियम मिनिस्ट्री की तरफ से भी हमारे मिनिस्टिर साहब के इन्टरवेंशन के बाद तथा गवर्नमेन्ट के इंटरवेंशन के बाद हमको चार प्लेटफार्म बनाने के आर्डर मिले हैं। मगर अभी भी हमारी कैपेसिटी ज्यादा प्लेटफार्म बनाने की है। अभी हम 6 प्लेटफार्म और बना सकते हैं। पूरे आर्डर्स अगर हमें प्लेटफार्म बनाने के मिले तो हम अपने लासेस बहुत कम कर सकते हैं और हमारा लास कुछ न हो ऐसी स्थिति आ सकती है। आर्डर्स लेने के बारे में भी हम बातचीत कर रहे हैं और उसके कुछ कोई समझौत निकालने के बाद एम० डी० एल० की आर्थिक पोजीशन इस क्षेत्र में भी और आयल प्रोडक्शन के क्षेत्र में भी अच्छी बन सकेगी।

*123. [*The Questioners (Shri Virendra Verma and Shri J. P. Goyal) were absent for answer vide col. 37-38 infra*].

Proposal for taking over of a bank

*124. SHRI JERLIE E. TARIANG: Will the PRIME MINISTER be pleased to state:

(a) whether there is any proposal under Government's consideration to take over any bank in India;

(b) if so, what are the details thereof; and

(c) what are the guidelines for taking over of the bank?